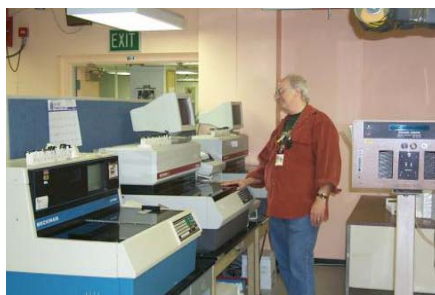


Hanford Site Operations

J. D. Wood, Vice President/(509) 372-0499



INTRODUCTION

Hanford Site Operations (HSO) consists of Landlord and Site Services (PBS RL-SS02) and Safeguards and Security (PBS RL-SS-D).

Additionally, the following HSO scope can be found in other sections of this report:

- Section C, Near Term Stewardship (PBS RL-SC01); Stewardship Strategic Planning and Requirements.
- Section H, Site Systems and Regulatory Analysis (PBS RL-SS01); Information Resource Management, Training, and Hazardous Materials Management and Emergency Response (HAMMER).

NOTE: Unless otherwise noted, all information contained herein is as of the end of February 2003.

NOTABLE ACCOMPLISHMENTS

Landlord and Site Services, RL-SS02



Yakima Barricade (604A) Water and Sewer Compliance

Modifications: This project replaced the old sewage disposal system and provides a sanitary water system by installing a potable water trailer at the Yakima Barricade. The old septic tank soil absorption system had failed and Washington Administrative Code 246-272-16501 requires that a failed septic system be repaired or replaced. The fixed-price contractor completed fieldwork on schedule on February 24, 2003. The new system was fully operational on February 25, 2003.

Safeguards and Security, RL-SS-D

Security Processing: Working in collaboration with FH Human Resources, Safeguards and Security (SAS) implemented a process to accelerate security clearance and Personnel Security Assurance Program processing for FH employees. This improved process should significantly aid FH in achieving the FY 2003 through FY 2006 Performance Incentives at the Plutonium Finishing Plant.

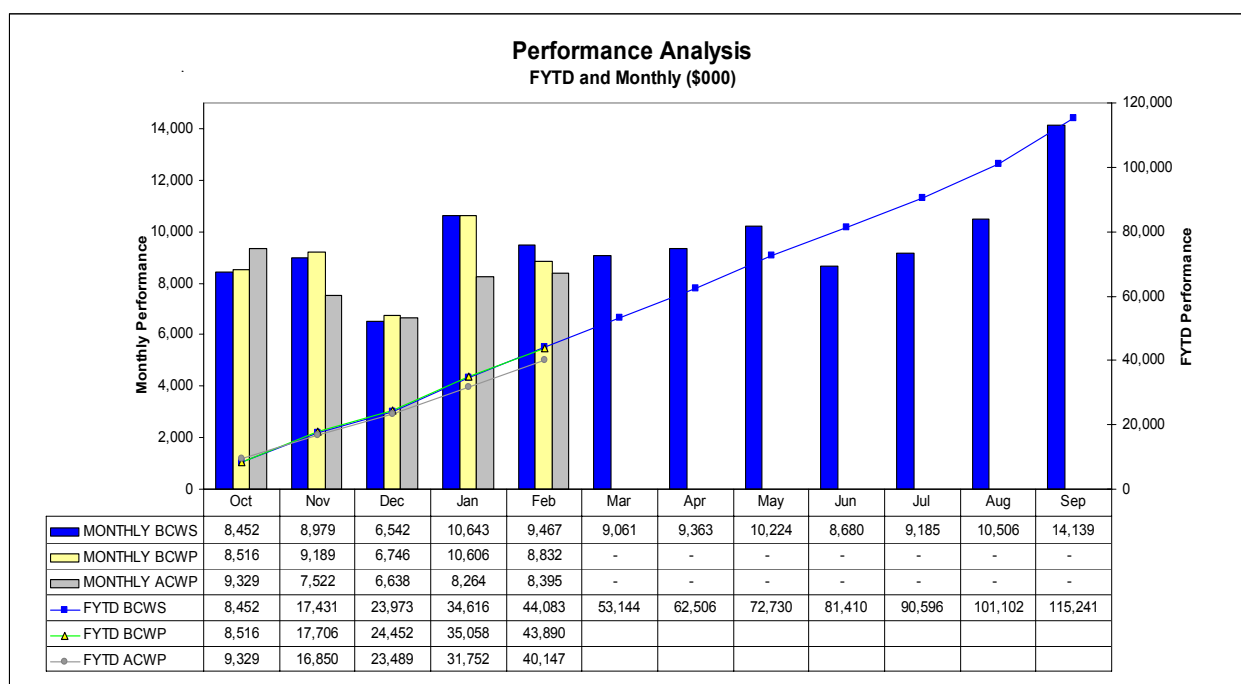
Emergency Vehicle Operator Course: A formal groundbreaking event for construction of the new Emergency Vehicle Operator Course was held at the Hazardous Materials Management and Emergency Response (HAMMER) facility on February 13, 2003. Construction started in January and should be complete the first week of May 2003. This course will be an essential training element for the Hanford Patrol and a major "first responder" training asset for the community.

FY03 SCHEDULE/COST PERFORMANCE (\$000)

Schedule Performance: The FYTD schedule variance is within the established (+/- 10%) thresholds.

Cost Performance: Landlord and Site Services, RL-SS02, has an 11.5% (\$3.1M) FYTD favorable cost variance, primarily due to the over-liquidation status of various revenues (i.e., direct distributables, engineering laboratory, occupancy, and crane and rigging). Analysis is ongoing to determine required corrective action (i.e., passback to customers or revision in billing rates).

		Budgeted Cost of Work Scheduled	Budgeted Cost of Work Performed	Actual Cost of Work Performed	Schedule Variance \$	Schedule Variance %	Cost Variance \$	Cost Variance %	Budget At Completion
RL-SS02	Landlord & Site Services	26,371	26,178	23,155	-193	-0.7%	3,023	11.5%	70,834
RL-SS-D	Safeguards & Security	17,712	17,712	16,992	0	0.0%	720	4.1%	44,407
Total Hanford Site Operations		44,083	43,890	40,147	-193	-0.4%	3,743	8.5%	115,241



FY 2003 FH FUNDS VS FORECAST (\$000)

	Expected Funds	Spend Forecast	Variance
RL-SS02 Landlord & Site Services	\$ 70,868	\$ 70,487	\$ 381
Project Completion - Operating	\$ 70,868	\$ 70,487	\$ 381
RL-SS-D Safeguards & Security	\$ 44,407	\$ 44,350	\$ 57
Safeguards & Security	\$ 44,407	\$ 44,350	\$ 57
Total	\$ 115,275	\$ 114,837	\$ 438